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DECISION



THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548

FILE: B-185166

DATE: July 29, 1976

MATTER OF: Page Airways, Inc.

61238

98786

DIGEST:

1. Acceptability of first-step proposal in two-step advertised procurement should not be affected by proposal's failure to meet all specification details if procuring agency is satisfied that essential requirements of specification will be met.
2. Rejection of first-step proposal for automated storage facility was prompted by procuring agency's rationally founded views that proposed critical component of facility did not comply with essential performance requirements of specifications and that major redesign effort would be needed to bring company's proposal into compliance with requirements.

On May 8, 1975, letter request for technical proposals (LRTP) No. 71-11-353-1 was issued by the Department of the Air Force, Hill Air Force Base, Utah, as the first step of a two-step formally advertised procurement. The LRTP solicited technical proposals for the construction and installation of an automated storage module to warehouse aircraft parts at Hill Air Force Base. The storage module was to consist of an equipment shelter (approximately 41,000 square feet in area) which would contain "stacker cranes," steel storage trays, work stations, and a computerized "equipment process controller."

Specifications for the module were set forth at length in the LRTP. These specifications were intended to "spell out the basic minimums which will be accepted." Of general importance were requirements that offerors provide a "system with a high degree of maintainability" (defined primarily as "ruggedness" and simplicity of design) and submit "abstracts" of storage systems, similar to that required under the LRTP, which had been successfully installed at other locations. Other basic minimums were requirements that: (1) the stacker cranes be "approximately 30 feet high"; (2) the stacker cranes handle loads of 300 pounds and operate with a non-magnetic storage tray extractor; (3) the power transmission between work station and stacker crane be by "bus bar with no umbilical * * * cables allowed"; and (4) the storage racks be fabricated of "hot rolled or cold formed structural members."

... Ministry, the late awarded prospective offerors to submit
... which would show compliance with
... Department
... acceptability of a proposal solely
... offeror for an additional

... step 1, technical proposals were requested from 49
... Technical proposals were received from only
... The proposals were then evaluated.
... "susceptible to being made accept-
... The other technical proposals, including a proposal received
... were determined to be unacceptable.

... 1975, Page was informed that its
... with the Air Force's minimum
... for a "major re-
... acceptable could not be
... technically unacceptable.
... comprehensive listing of deficien-
... By telegram dated October 22, 1975,
... to our Office.

The list of deficiencies related, in significant part, to the
... "stacker crane" (to be fur-
... the abstracts which Page furnished
... of storage systems. Specif-
... Page's stacker crane system
... "required for heavy industrial use over
... This evaluation was made notwithstanding
... that its stacker crane could "readily
... and that power transmission would be
... "lacking the finding of "lack of rugged-
... were the results of two on-site surveys of similar storage
... The systems reviewed mainly
... light loads (less than 300 pounds)
... Also contributing to the
... an analysis of deficiencies stemming
... the system to be installed at the Air Force
... Page's proposed crane masts to be
... heights involved." Related to
... "top (crane)
... and that the crane's base plate
... height proposed. Other criticisms were

- (1) Crane motors were undersized.
- (2) Storage track was a light-duty track fabricated from 12-gage sheet metal and a 7/8" x 1-1/4" bar.
- (3) Rack uprights were made of extruded aluminum instead of steel.
- (4) Rack uprights were not anchored.

The protest inspired a spirited and voluminous informational exchange between Page and the Air Force. A brief history of this exchange follows.

On November 3, 1975, Page forwarded its specific grounds of protest to our Office. By report dated February 20, 1976, the Department submitted the contracting officer's rebuttal to these grounds of protest. The respective positions of Page and the Air Force as of February 20 on certain key issues may be summarized as follows:

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(1) "Maintainability" is a subjective term and can only be proved by experience. Page's subcontractor has over 1,500 stacker cranes in operation--some of which have performed tasks closely correlated to Hill Air Force Base requirements.

(2) "Abstracted systems" offered and inspected--each system met user's requirements.

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(1) Page's crane subcontractor has traditionally handled light loads. The system at Hill Air Force Base will be required to operate at the design load of 300 pounds approximately 20 percent of the time. Design deficiencies are present in proposed system.

(2) Admits each installation designed to user's requirements--still insists that inspected systems did not contain basic "building blocks" of system required by Hill.

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(3) "Stacker cranes" proposed are sound. Driving cranes on top and bottom are superior to bottom drive. Top and bottom drive reduces base plate size.

(3) Regardless of virtues claimed for top and bottom drive, this approach is merely a way to adapt small cranes to greater heights. Crane motors are inadequate as shown by mathematical formula.

(4) "Storage track" is structurally adequate. LRTP did not require structural steel.

(4) Proposed track consisting of folded sheet metal is inadequate.

In March 1976 a conference was held on the protest and a further written informational exchange took place in that month and in April 1976. Recently, Page and the Air Force affirmed their positions on the technical issues in controversy.

The two-step formal advertising procedure described in Armed Services Procurement Regulation (ASPR) § 2-501, and following (1975 ed.), combines the benefits of competitive advertising with the flexibility of negotiation. Hyster Company, 55 Comp. Gen. 267, 278 (1975), 75-2 CPD 176; 53 id. 247 (1973); 50 id. 346 (1970). The first step of the procedure contemplates the qualification of as many technical proposals as possible under negotiation procedures. 50 Comp. Gen., supra, 354. This procedure requires that first-step technical proposals comply with the basic requirements of the specifications but does not require compliance with all specification details. 51 Comp. Gen. 85, 89 (1971).

Acting under these guidelines we have recognized that the acceptability of a first-step proposal should not be affected by its failure to meet all specification details "if the procuring agency is satisfied * * * that the essential requirements of the specification will be met." 50 Comp. Gen. 337, 339, supra.

Apart from the controversies over the merits of the installations inspected by the Air Force, the Department's rejection of the Page proposal, in our view, is primarily based on belief that the company's proposed stacker crane, as described in the proposal, simply does not comply with essential requirements of the LRTP that the crane show a high degree of maintainability (that is, ruggedness) and be capable of handling loads of 300 pounds.

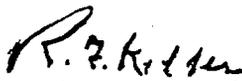
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These essential requirements are performance rather than design criteria. Page did not take exception to these broadly stated requirements. Therefore, Page and all other competing offerors must be presumed to have recognized that the Air Force's technical evaluators would necessarily have to make subjective technical judgments in order to determine a proposal's compliance with these requirements.

Recognizing the primary responsibility of procuring agencies to make technical judgments, we have nonetheless consistently held that these judgments must be rationally founded. See, for example, Ohio State University; California State University, B-179603, April 4, 1974, 74-1 CPD 169.

Based on our review of the record of the voluminous informational exchange on the technical issues relating to the adequacy of the stacker crane proposed by Page, we agree that there is rational support for the Department's judgments that Page's proposal does not show compliance with basic LRTP requirements relating to the critical stacker crane component. We further agree that there is rational support for the Department's position that it would take a major redesign effort to bring the company's proposal into compliance with these requirements apart from any other deficiencies that may exist in the proposal. Consequently, we cannot question the rejection of Page's proposal.

Protest denied.


Deputy Comptroller General
of the United States